

State of Alaska FY2007 Governor's Operating Budget

Department of Natural Resources DNR Facilities Rent and Chargeback Component Budget Summary

Component: DNR Facilities Rent and Chargeback

Contribution to Department's Mission

To account for funding of DNR facilities rent and chargebacks.

Core Services

Payment of the Public Building Fund (State Facilities) lease costs to the Department of Administration for our offices in the Atwood Building in Anchorage. DNR occupied this facility in FY00, and received base funding of \$1,268.6 GF in SLA00/CH19(HB112 Public Bldg Fund). In FY05 we received a \$29.0 GF transfer from the Governor's Office to support lease costs for the ACMP which was transferred to DNR under EO#106. With a \$12.0 increase the base GF for FY07 is \$1,309.6; divisions pay the remaining costs directly from their budgets.

Payment to the Department of Administration for all other DNR building leases. General fund in the amount of \$747.2 was transferred to DNR in FY05 to pay a portion of this cost. With a \$36.0 increase the base GF for FY07 is \$783.2; divisions pay the remaining costs directly from their budgets.

Payment of the Fairbanks Office Building Chargeback costs to Dept. of Transportation for basic maintenance of the facility. \$103.6 GF was transferred in FY05 from the Fairbanks Office Building Chargeback component. The actual cost for this facility is roughly \$150.0.

Payment of DNR's allocated share of the Department of Administration, Division of General Services Lease Administration costs.

General fund in the amount of \$33.7 was transferred to DNR in FY05 to pay a portion of the DOA Division of Personnel lease cost. This general fund is transferred to the Human Resources Chargeback component in FY07 to reflect where the RSA is actually paid.

FY2007 Resources Allocated to Achieve Results

FY2007 Component Budget: \$2,290,600

Personnel:

Full time	0
Part time	0
Total	0

Key Component Challenges

DNR has two significant challenges in this component, one related to the shortfall of general fund available for lease costs for the Public Building Fund and other building leases, and one related to the shortfall of general funds available for the Fairbanks Office Building maintenance RSA to DOT.

The key challenge for the lease costs related to the Public Building Fund is the fact that each year the square foot cost increases and there is no corresponding budget increase. From FY03 to FY07 there has been a 17.7% increase in the cost, with no general fund budget increase to support it. All additional square footage charges must be assessed to the divisions.

DNR's square footage cost history for the Atwood Building:

FY03 \$1.1117/mo/sq.ft.

FY04 \$1.1609/mo/sq.ft., an increase of 4.4% over FY03.

FY05 \$1.2374/mo/sq.ft., an increase of 6.6% over FY04.

FY06 \$1.3016/mo/sq.ft., an increase of 5.2% over FY05.

FY07 \$1.3090/mo/sq.ft., an increase of 0.5% over FY06, and a net increase of 17.7% since FY03.

The key challenge for the lease costs related to other building leases (not including the Atwood Bldg) is the annual increased cost of our leases and no corresponding budget increases. The base general fund transferred from DOA to DNR in FY05 to cover the other leases is \$747.2. The FY07 cost will be \$1,814.1 requiring divisions to pay \$1,066.9 of their leases. This is an increase of \$70.6 over FY06.

Fairbanks Office Building Chargeback: (\$150.0 for RSA to DOT)

This funding covers an RSA to DOT/PF to provide basic maintenance, utilities and janitorial services for the Fairbanks Office Building. This budget includes an increment of \$46.4, to get the RSA to a level that will cover the fixed costs as well as purchase of supplies, and minor repairs and maintenance. Funding to provide these services had been decreased from \$144.9 in 1989 when DNR was transferred these funds, to the FY06 level of \$103.6. The fixed costs for the building, including electricity, water & sewer, heating oil, and janitorial service is estimated by DOT at \$120.0 for FY06. Since this amount continues to increase, the cost increases have been funded by reducing the maintenance staff position from full-time to only being "on call" for complicated repairs and maintenance. This left no funds available for purchase of supplies and minor repairs and maintenance. As a result, much of the regular maintenance of the building has been scaled back to absolute minimum levels to keep the building operational. In addition, for several years the Department of Transportation covered necessary expenditures above the amount appropriated. They did not have the budget to do this last year, and DNR had to assess the charges to divisions to cover the bare minimum. As the building continues to age, the importance of keeping all systems functional and operating efficiently must be the primary goal of this allocation. The increment in the Governor's budget will help alleviate the challenge of maintaining the most basic maintenance for this building.

Significant Changes in Results to be Delivered in FY2007

No changes in final results delivered.

Major Component Accomplishments in 2005

All rents and chargebacks were paid in a timely manner.

Statutory and Regulatory Authority

Not applicable.

Contact Information

Contact: Nico Bus, Acting Admin Services Director

Phone: (907) 465-2406

Fax: (907) 465-3886

E-mail: nico_bus@dnr.state.ak.us

DNR Facilities Rent and Chargeback Component Financial Summary

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	2,215.9	3,692.5	2,290.6
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,215.9	3,692.5	2,290.6
Funding Sources:			
1004 General Fund Receipts	2,215.9	2,229.9	2,290.6
1007 Inter-Agency Receipts	0.0	1,462.6	0.0
Funding Totals	2,215.9	3,692.5	2,290.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
<u>Unrestricted Revenues</u>				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
<u>Restricted Revenues</u>				
Interagency Receipts	51015	0.0	1,462.6	0.0
Restricted Total		0.0	1,462.6	0.0
Total Estimated Revenues		0.0	1,462.6	0.0

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	2,229.9	0.0	1,462.6	3,692.5
Adjustments which will continue current level of service:				
-Transfer funding out to pay DOA's Division of Personnel Lease Costs to Human Resources Chargeback component	-33.7	0.0	0.0	-33.7
Proposed budget decreases:				
-Delete unused IA receipt authorization	0.0	0.0	-1,462.6	-1,462.6
Proposed budget increases:				
-Increased Lease Costs for Atwood Building and Other Leases	48.0	0.0	0.0	48.0
-Increase RSA to DOT for basic maintenance services at DNR Fairbanks Office Building	46.4	0.0	0.0	46.4
FY2007 Governor	2,290.6	0.0	0.0	2,290.6